

Message Text

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ACTION EB-07

INFO OCT-01 ISO-00 AGR-05 CEA-01 CIAE-00 COME-00 DODE-00

FRB-01 H-01 INR-07 INT-05 L-02 LAB-04 NSAE-00 NSC-05

PA-01 RSC-01 AID-05 CIEP-01 SS-15 STR-01 TAR-01

TRSE-00 USIA-06 PRS-01 SP-02 OMB-01 FEA-01 IO-10

AF-06 ARA-06 EA-06 EUR-12 NEA-09 OIC-02 /126 W

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R 141710Z JAN 75

FM USMISSION GENEVA

TO SECSTATE WASHDC 9970

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY BRASILIA

AMEMBASSY BUCHAREST

AMEMBASSY CANBERRA

AMEMBASSY CARACAS

AMEMBASSY COPENHAGEN

AMEMBASSY JAKARTA

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY ISLAMABAD

AMEMBASSY LIMA

UDTC/AMEMBASSY LONDON 6303

AMEMBASSY LUXEMBOURG

AMEMBASSY MANILA

AMEMBASSY MEXICO CITY

AMEMBASSY NEW DELHI

AMEMBASSY OSLO

AMEMBASSY OTTAWA

AMEMBASSY PARIS

AMEMBASSY QUITO

AMEMBASSY ROME

AMEMBASSY SANTIAGO

AMEMBASSY SINGAPORE

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AMEMBASSY WELLINGTON

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PASS STR (MALMGREN) (EBERLE)

E.O. 11652: N/A

TAGS: ETRD GATT

SUBJECT: BRIEFING ON TRADE ACT

1. SUMMARY: BROAD REPRESENTATION FROM MEMBERSHIP OF GATT, UNCTAD, ECE ATTENDED BRIEFING BY WOLFF, STR GENERAL COUNSEL, ACCOMPANIED BY BRUNGART AND MOORE, AND HOSTED BY GATT DG LONG. QUESTIONS CENTERED ON US NEGOTIATING OBJECTIVES, TIMING AND COVERAGE OF U.S. GENERALIZED PREFERENCES SCHEME (GSP), AND EXTENT TO WHICH TRADE BILL MANDATED DEPARTURES FROM MFN PRINCIPLE. IN PRIVATE CONVERSATIONS SERIOUS CONCERN WAS EXPRESSED THAT LACK OF EXPERIENCED U.S. LEADERSHIP IN MTN POSES MAJOR THREAT TO PROGRESS.

2. TWO HOUR SESSION COVERED FULL RANGE OF TRADE ACT ISSUES. AFTER EXPLORING U.S. PRE-NEGOTIATION PROCEDURES AND TIMING, QUESTIONERS EXAMINED LIST OF SPECIFIC NEGOTIATING OBJECTIVES IN LAW. SPECIFIC ATTENTION PAID TO SECTION 103 AND LINK BETWEEN INDUSTRIAL AND AGRICULTURAL NEGOTIATION. CONGRESSIONAL INTENT EXPLAINED AS AVOIDING EXCLUSION OF AGRICULTURE FROM MTN ACHIEVEMENTS.

3. CONCERN ALSO EXPRESSED IN ASPECTS OF BILL TAKEN AS MANDATING BILATERAL APPROACH (SECTIONS 105 AND 126). THIS WAS EXPLAINED AS EXPRESSION OF CONCERN THAT MTN HAVE RECIPROCAL AND MUTUAL COMMITMENT FROM MAJOR PARTICIPANTS, WITH THE RECOGNITION THAT U.S. HAD LEGAL AUTHORITY FOR BILATERAL AGREEMENTS IF THIS COURSE BECAME NECESSARY.

4. LIST OF 12 NEGOTIATING DIRECTIVES IN SECTION 121 ATTRACTED ATTENTION AND WAS READ BY SOME DELEGATES AS EXCLUSIVE LIST OF SPECIFIC U.S. OBJECTIVES IN MTN. ANSWER PLACED SECTION 121
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IN CONTEXT OF GENERAL PURPOSES OF TRADE ACT AND NEGOTIATING OBJECTIVES CONTAINED IN CHAPTER 1 OF TITLE I OF TRADE ACT. SECTOR NEGOTIATING OBJECTIVE WAS READ BY MANY DELEGATES AS MORE ALONG LINES OF INFLEXIBLE HOUSE VERSION THAN AS IT EMERGED FROM THE SENATE. IT WAS EXPLAINED THAT SECTION 104 WAS FULLY CONSISTENT WITH TOKYO DECLARATION LANGUAGE OF USE OF SECTOR NEGOTIATIONS AS COMPLEMENTARY TECHNIQUE. POTENTIAL LINK BETWEEN MARKET

ACCESS AND SUPPLY ACCESS IN NEGOTIATIONS ALSO FOCUS OF ATTENTION.

5. MOST DETAILED QUESTIONING AIMED AT OPERATION OF GSP AND ESPECIALLY SELECTION OK BENEFICIARY DEVELOPING COUNTRIES (BDC'S). VENEZUELAN REPRESENTATIVE MADE EXTENDED BUT SURPRISINGLY PRO FORMA DECLAMATION OF GOV POSITION THAT OPEC EXCLUSION WAS UNACCEPTABLE DISCRIMINATION. AFTER EXPLANATION GIVEN THAT GSP EXCLUSIONS NOT TOTALLY WITHOUT FLEXIBILITY, AND EXCERPT FROM PRESIDENTIAL SIGNING STATEMENT READ, INDONESIANS AND OTHERS EXPRESSED HOPE THAT DISCUSSIONS WITH USG PRIOR TO SUMMER IMPLEMENTATION OF US GSP COULD LEAD TO THEIR INCLUSION IN BDC LIST. EXPROPRIATION AND ARBITRAL AWARD EXCLUSIONS ALSO QUESTIONED. FURTHER SPECIFIC GUIDANCE FROM WASHINGTON ON POTENTIAL APPLICATION OF THESE PROVISIONS WOULD BE USEFUL.

6. MANY ENGAGING MISCONSTRUCTIONS OF OPERATION OF GSP WERE AIRED AND CORRECTED, SUCH AS TRADE COMMISSION'S GSP HEARINGS BEING AN INFRINGEMENT OF BDC SOVEREIGNTY (NIGERIA). CRITICISM WAS VOICED OF CUSTOMS UNION TREATMENT UNDER COMPETITIVE NEED FORMULA.

7. ONLY TITLE IV QUESTION WAS POSED BY ROMANIA AND CONCERNED TIMING OF MFN TREATMENT ONCE BILATERAL AGREEMENT NEGOTIATED.

8. PRINCIPAL TOPIC IN PRIVATE CONVERSATION IS TRADE POLICY LEADERSHIP IN USG. SUBSTANTIAL NUMBER OF REPRESENTATIVES EXPRESSED DEEP CONCERN THAT ABSENCE OF RANKING AND EXPERIENCED U.S. TRADE OFFICIALS WOULD LEAVE MTN TO DRIFT AND BE DAMAGING TO EVEN LIMITED LIMITED OFFICIAL USE

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PROGRESS IN MTN TO DATE.

9. THERE IS ALSO AN IMPRESSION GAINED BY THE DURATION OF THE TRADE ACT AUTHORITIES THAT NEGOTIATIONS WOULD COVER NEXT FIVE YEARS. US DEL AT 7 PLUS 7'S AND TNC SHOULD INDICATE U.S. THINKING ON TIMING. DALE

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